



EUROPEAN CENTRAL BANK

EUROSYSTEM

DIRECTORATE GENERAL STATISTICS
DIRECTORATE GENERAL FINANCIAL STABILITY

RESTRICTED

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Response to the EBA's consultation paper (CP) on draft Implementing Technical Standards (ITS) on supervisory reporting requirements for liquidity coverage and stable funding (EBA/CP/2012/05)

Notwithstanding the regulatory changes to the definition and computation of the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) that may eventually be agreed at a global and/or EU levels in the near future, this response is provided specifically from the perspective of the preliminary information requirements of the ECB (Directorates General Statistics and Financial Stability), including those stemming from the European Systemic Risk Board. Hence, it provides general comments focused on these data issues, from the ECB Directorates General Statistics and Financial Stability, without entering into the details of the questions of section V/b.¹

As a general comment, we are of the opinion that the ITS should clearly state that it aims at fulfilling **both micro- and macro- prudential data needs**. By satisfying both purposes, the ITS would minimise the reporting burden of respondents and it would achieve the aim of a single rulebook in the field of supervisory reporting.

As indicated in the ECB opinion² of 25 January 2012 on the proposal for a Capital Requirements Directive and Regulation (CRD IV/CRR), liquidity data also needs to be collected for the purposes of performing macro-prudential oversight tasks by the EBA and the ESRB.³

A critical aspect of the draft ITS on liquidity ratios is that it has been developed on the basis of templates used by the Basel Committee on Banking Supervision (BCBS), adapted for the purposes of the CRR, but not yet following the data definitions used in COREP (and FINREP). The use of the BCBS templates for the purpose

¹ Some of the comments made in this letter are similar to those made in response to the draft ITS on the Leverage Ratio.

² See explanation in amendment 11 on page 24: http://www.ecb.int/ecb/legal/pdf/c_10520120411en00010036.pdf

³ See also the report of the Joint Group on Data.

of the liquidity ratios reporting is useful for the (larger) banks currently participating in the voluntary Basel data collection exercise, but possibly not for the (vast majority) of smaller banks who would be more familiar with the use of COREP (and FINREP) templates. In turn, this may run **against the proportionality principle, as it would impose higher costs to smaller European banks.**

To avoid this risk, and to ease the completion of this reporting, we suggest ensuring **reconciliation (to the extent possible) with the other templates comprised in the draft ITS on supervisory reporting requirements.** This could be implemented by identifying reporting cells that could be derived from other reporting templates (e.g. COREP or FINREP). Moreover, for the sake of consistency, the adoption of the same **conventions** (signs, hierarchies' summation) and **formatting** (labels, legal references, and instructions within the Excel file) would also be needed.

We are also concerned that potential issues may occur due to the **complexity and lack of clarity of definitions.** As a rule of thumb, reporting institutions should be able to fill the templates using only the Excel file, the instructions, and the CRR definitions. However, since some of the definitions in the template/instructions are not available in the CRR, reporting institutions may need additional guidance. Metrics, currencies of reporting, definitions of sovereign and non-uniformity of the terms are examples of items that would need to be provided and/or refined. The ITS should also be adapted to the latest version of the CRR since some definitions and required items have changed.

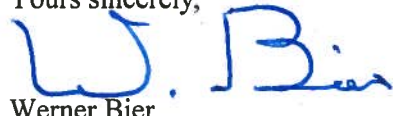
Furthermore, as for the ITS on the leverage ratio, the instructions regarding **the consolidation scope of the proposed templates** should be made more explicit. For macro-prudential purposes it may be important to have liquidity ratios calculated under a broader (IFRS) approach. In general terms, the consolidation scope should incorporate all activities susceptible to have macro-prudential implications, including insurance companies and financial institutions located in the so-called "shadow banking sector".

Finally, the following technical changes could help improving the user-friendliness of the ITS:

- Completing any missing legal references.
- Shortening the labels.
- Standardising the descriptions and terms used (example: "rated AA or higher", "rated AA or better").
- Avoiding chains of references: one reference referring to another and so forth.
- Including numerical reporting examples.

Our staff would be pleased to assist the EBA further if required. In particular, should you have any questions or need additional information regarding any of the aforementioned comments please do not hesitate to contact us.

Yours sincerely,



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